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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 29, 2009

Certified Return Receipt
7003 2260 0002 0247 9048

Bruce Evans
Nephi Sandstone Corporation
1250 North 200 West
P.O. Box 137
Nephi, Utah 84648

Subject: Deficient Reclamation Surety, Nephi Sandstone Corporation, Soma Quarry,
S/023/0065, Juab County, Utah

Dear Mr. Evans:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Soma Quarry. This surety was due for review on February 25, 2009. Your current reclamation surety is \$12,000 which the Division is holding in the form of a surety bond. The Division has recalculated the surety based on your permitted area of five acres to be:

\$24,600 escalated for 3 years (surety amount next reviewed in 2012) OR
\$25,200 escalated for 5 years (surety amount next reviewed in 2014)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Bruce Evans
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

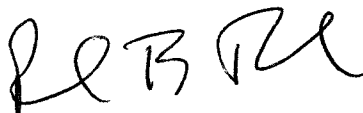
\$12,600 for 3-year escalation OR
\$13,200 for 5-year escalation

If the disturbed area shown in your Notice of Intention to Commence Small Mining Operations (NOI)—five acres—is substantially different than what is currently planned, you may wish to amend the notice to more accurately reflect your future intent. At such time as the Division receives and reviews an amended NOI, we will determine an appropriate reclamation cost based on the new information and notify you of any changes needed to your surety. Another option for reducing the reclamation liability and the surety requirement would be to reclaim a portion of the site.

If you decide to amend the NOI or to reclaim a portion of the site, please submit the amendment or perform the reclamation no later than February 15, 2010. An amendment should be filed using form MR-REV-SMO/EXP which is available on the Division's web site. If you choose not to amend the NOI we will expect the above stated amount to be filed with the Division no later than February 15, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,



Paul Baker
Minerals Program Manager